

Changing landscape for employee engagements

Challenges and way forward

Foreword

The last two years of unprecedented times has made us all understand the true meaning of the famous saying, '**change is the only constant**'. As the pandemic pushed employers to explore and adapt news ways to stay in the business; the Grant Thornton Bharat's GPS team has carried out a survey to gain insights on the challenges being faced and areas for re-aligning employee engagements.

It's encouraging to see how organisations and individuals across sectors have taken up the challenge to halt, plan and refresh their approach towards businesses. A key survey outcome reveals that 56% of the employers have introduced '**work from home**' policy for their workforce. More than 50% of the respondents believe that a **hybrid or outsourced model** with better data security controls for HR and payroll functions would be preferred. In terms of the changing labour law landscape most of the respondents believe that the new labour codes will have high impact on HR policies and processes.

This presents an opportunity for organisations to navigate through the challenges towards setting up an efficient HR process ecosystem which meets an employer's compliance obligation as well as maximises employee satisfaction.



Devesh Uniyal
Partner
Grant Thornton Bharat



Akhil Chandna
Partner
Grant Thornton Bharat

About the survey

Through this survey, Grant Thornton Bharat aimed to understand the changing landscape of employee engagements amidst a dynamic business environment along with the challenges faced by industries to design best possible practices to navigate people solutions.

4,650

respondents across
social media platforms

Working arrangements and platforms

The pandemic has changed the way we interact with each other in the workplace and it has become challenging for HR professionals to keep the teams optimally engaged in a new working environment. The pre-pandemic times of hosting team events, get together, trainings, etc., have undergone a change in a virtually connected world.



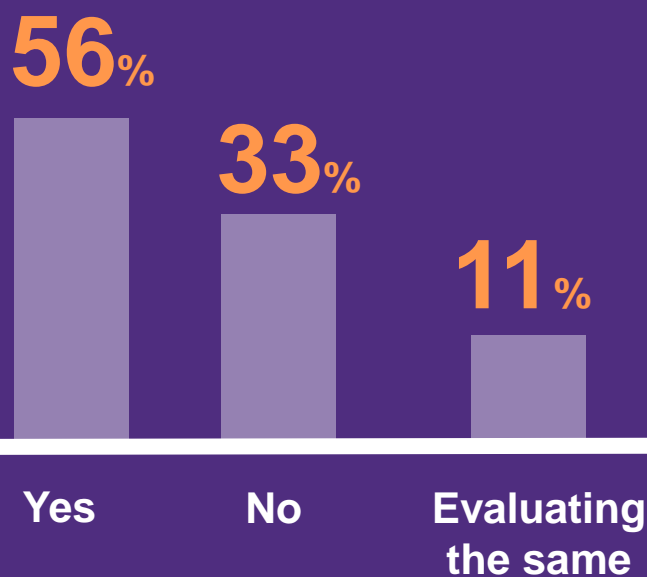
More than

60%

of the respondents say they use multiple apps and portals for employee engagement hence, suggesting the need for more inclusive HR platforms to cater to employee needs

Challenges in HR processes

Has your organisation implemented work from home policy after COVID-19 restrictions were lifted?

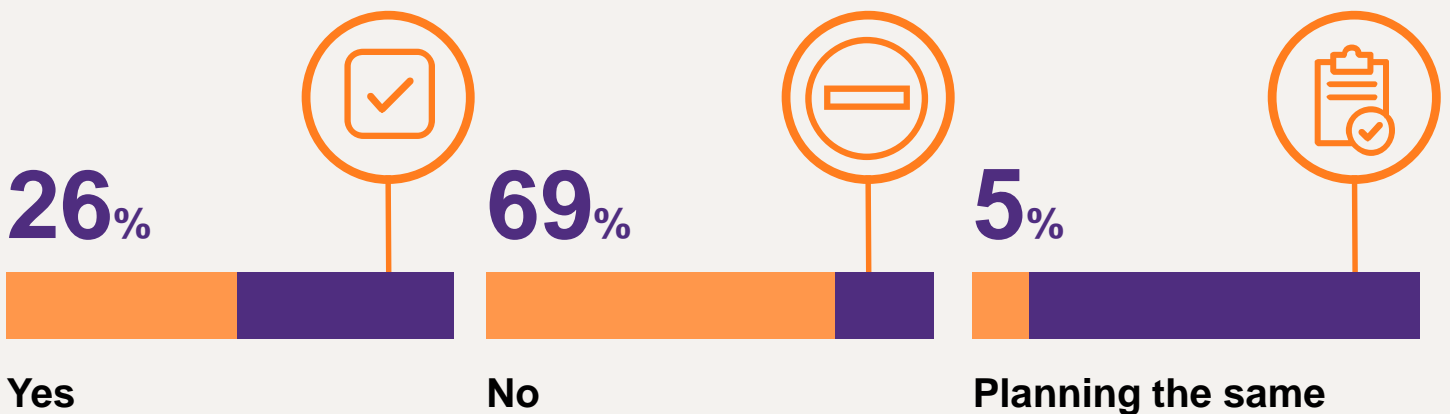


The lockdown period saw us move to a mandatory work from home arrangement and the last few months have seen people resume from virtual office to physical office. Interestingly, over 65% of the employers have either introduced 'work from home' as a policy or are evaluating the same. This reflects a maturity on the part of the employers and the confidence in their employees. However, for some sectors like manufacturing, travel & hospitality, medical and other essential services 'work from home policy' may not be feasible due to their nature of work.

An increasingly virtual work environment brings challenges related to employee engagement, governance, compliances, etc., and therefore, it is essential for organisations to gear up their internal systems to meet these challenges.



Has your organisation re-designed compensation and benefits for the employees post COVID-19?



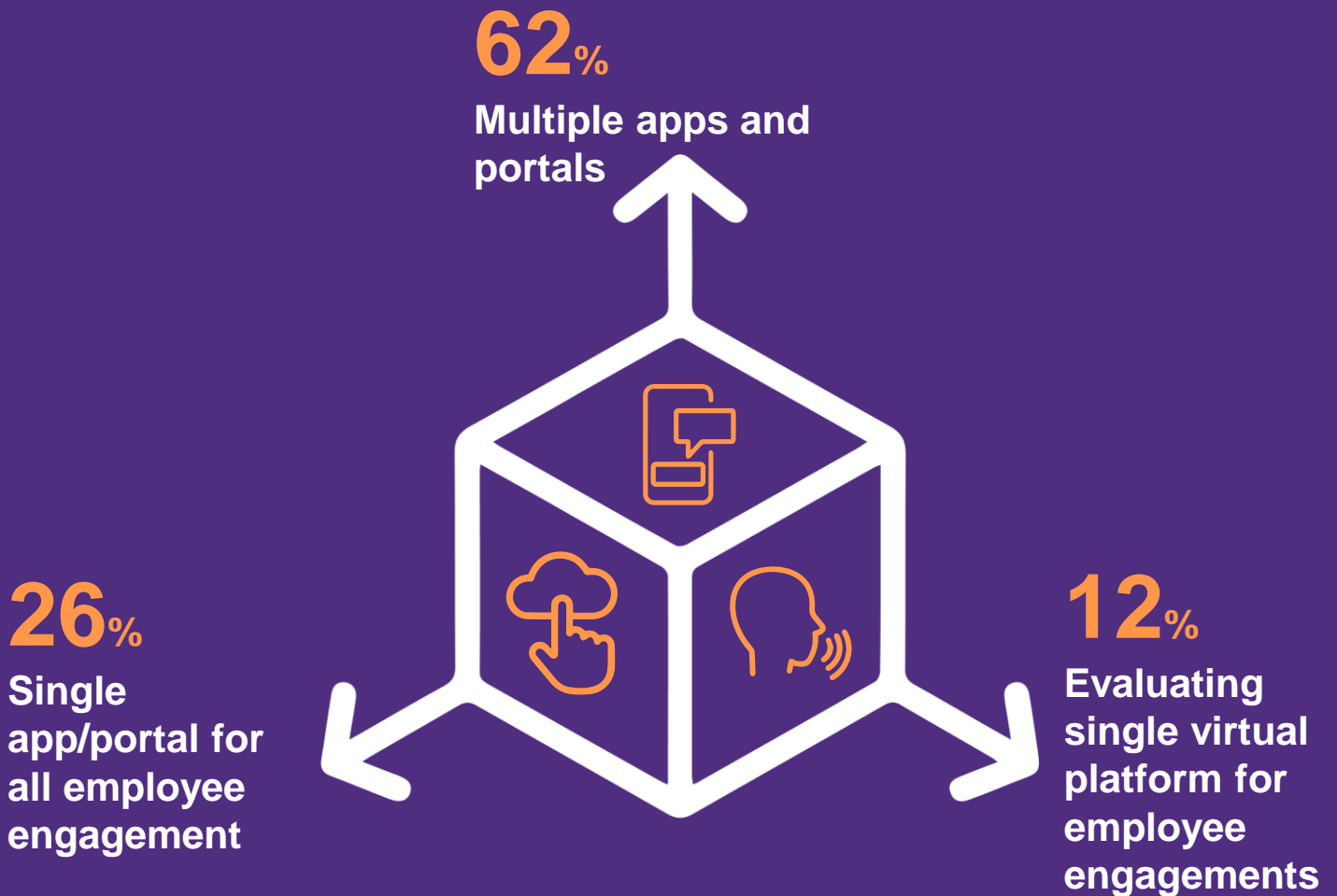
Against the backdrop of work from home and hybrid model of working, many companies across sectors, specifically in the IT/ ITES and service sectors, have brought in changes in the compensation and benefits to help employees adapting into the new working arrangements.

Employers have introduced home-office set up allowances, reimbursements towards for phones and broadband connections, higher health insurance coverage for employees and families, counselling for employees, sports and health related programs, etc.

However, as per the survey, about 70% of the respondents have not made any changes in the compensation structure post pandemic. Given the evolving business dynamics, it may be a good time for employers to evaluate the existing compensation structure and benefits, which are both efficient and easy to administer.

Also, given the new labour codes are on the anvil, there is a need to review the financial impact of new definition of 'wages' on the existing compensation structure for both employees and employers.

What types of employee engagements platforms are used in your organisation?



We have seen that the current landscape of human resources platforms are unable to cater the growing needs of employee engagement. More than 60% of the respondents say they use multiple apps and portals for employee engagement.

This suggests the need for a single tool which is a gateway to connect organisation and employees for formal and informal connects, physical and mental wellbeing, rewards and recognitions, etc.

Challenges being faced in current HR systems for requests towards recruitments, exits, leaves, etc.

65%

Delayed approvals

In any organisation, many HR related activities are interlinked and depends upon multiple approval starting with requests for hiring, leave approvals/ rejections, exits and clearances, etc.

13%

Tracking pending items

Some of these may have a direct impact on meeting statutory compliances for instance, reporting for ESI, professional tax, provident fund (PF), etc.

12%

Lack of dashboards

A comprehensive HR system in the form of a dashboard/ reminders helps provide agility and pre-empt delays. Clearly in the industry, nearly 90% of the respondents feel the need for an integrated HR system.

10%

Meeting statutory compliances

Pandemic has caused everything to move to online, how is your organisation handling the employee reimbursements during this time?

75%

**Online portal/
soft copies**

8%

**Through hard
copies only**



17%

**Hybrid proof
collection**

Though payroll processing and related activities are considered a fairly routine activity once a payroll process is setup; however, the key concern areas as coming out of our survey for payroll managers are around statutory compliances, reporting, need for automation and data security.

Both central and state governments have jurisdiction over labour laws in India. Organisations are required to keep abreast with the time-to-time changes as notified throughout the year and ensure compliance which becomes very challenging. More so for organisations with a larger geographical presence.

Also, data confidentiality, especially in an inhouse payroll, can be compromised with multiple team members receiving information about the employee's salary.

With the proposed new law on Personal Data Protection (PDP) in India and Indian organisations expanding into developed markets with stronger data security requirements, managing data security and meeting statutory compliances are important aspects to consider while deciding applications and processes for payroll.

Which, according to you, is the biggest challenge of payroll processing?

36%

**Meeting
statutory
compliances**

16%

**Consistent
automation**

33%

**Threat to data
security**

15%

**Compiling
statistics and
preparing
reports**

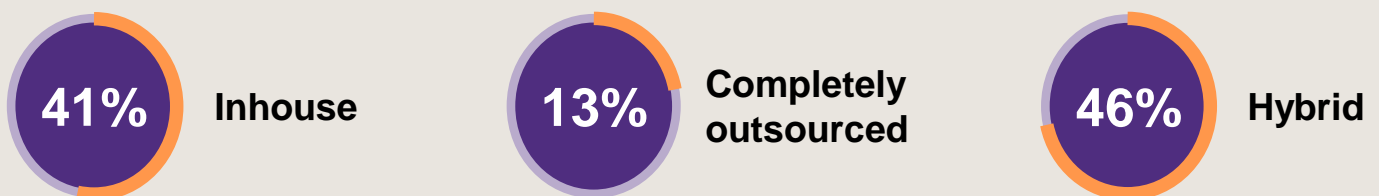
In your opinion, which is a better way to manage payroll/compliances?



Over 60% of the respondents believe that payroll/compliances can be outsourced or managed in a hybrid manner.

We believe engaging a partner (service provider) for regular tasks helps free up time for the HR function to focus on other strategic priorities. A partner also helps mitigate the key challenges related to meeting compliances and data security requirements, especially when the partner is SOC and ISO compliant for both systems and processes.

In your opinion, which is a better way to manage HR operations?



HR operations are services that cover the entire employee lifecycle. These include administrative services, recruitment, performance management, absence management, exits and employee relationship management. Some of these tasks are very transactional in nature and occupy significant time of the HR professional. In today's changing landscape of new working models along with changing regulations, the need for upskilling and reskilling employees has taken a priority and the regular tasks get neglected. A hybrid model of HR operations allows the HR professional concentrate on more strategic tasks while receiving external support for the transactional work.

Our survey results show nearly 50% of the respondents believe that hybrid model is a better way to manage HR operations.

New laws and regulations: Labour codes

Background

Over the last two years, the central government has embarked on the process to introduce four new codes which would subsume 29 existing legislations.

The new codes aim to amalgamate, simplify and rationalise the relevant provisions of the subsumed laws, to bring in consistency in labour legislation and ease of compliance for businesses.

The Code on Wages, 2019

The Code on Social Security, 2020

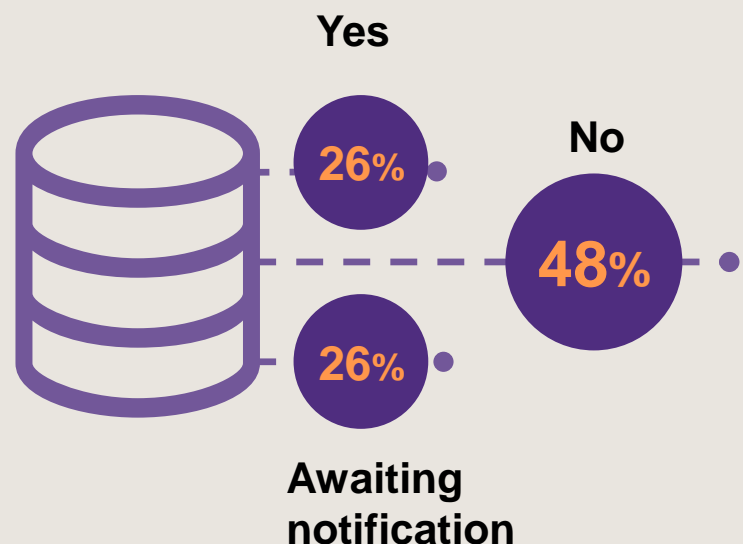
The Occupational Safety, Health and Working Conditions Code, 2020

The Industrial Relations Code, 2020

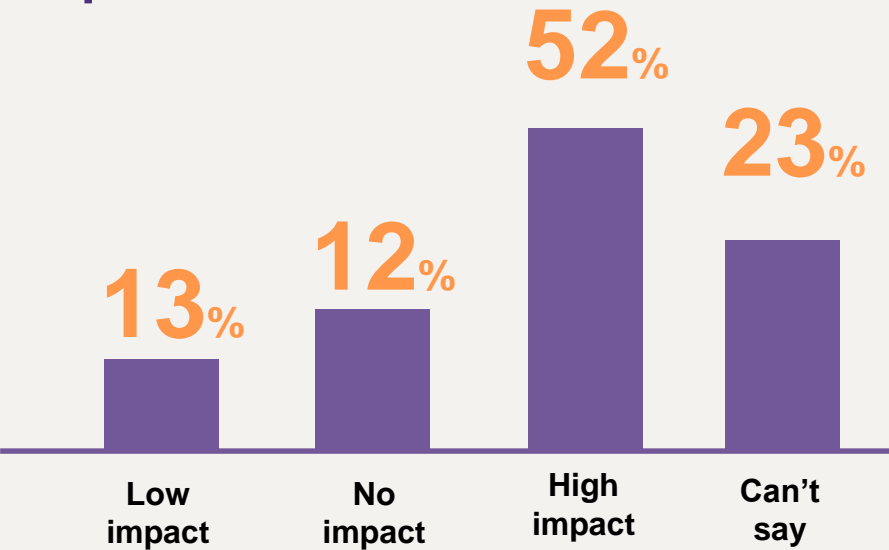
Have you evaluated the impact of change in definition of 'wages' under the new labour codes on overall employee compensation cost?

Under the new labour codes, the definition of 'wages' would now be uniform across all the four codes. Accordingly, benefits such as statutory bonus, retrenchment compensation, gratuity, PF, ESI, leave encashment, etc. would now be determined with reference to the 'wage' as defined under the codes.

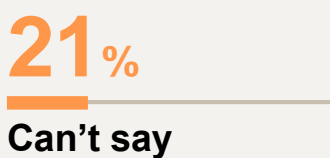
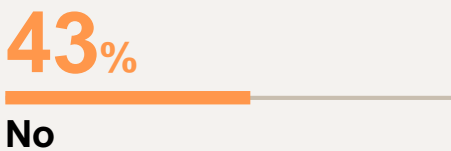
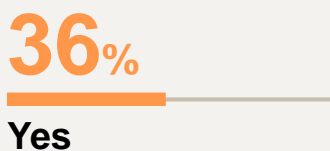
Pending notification of implementation date, organisations may use this period to review the impact of wage definition on compensation cost in the profit and loss account while finalising the employee budgets for the next period.



In your opinion, how will the new labour codes impact your existing HR policies and processes?



In your opinion, will the compliance burden on employers reduce under the new labour codes?




Apart from impact on employee cost, the new labour codes would also impact HR policies, processes and all related compliances.

The industry at large has also acknowledged the same and over 50% of respondents believe that the new labour codes would have a high impact on the existing HR policies and processes.

Based on our survey report, over 40% of the respondents believe that the compliance burden for employers will not reduce under the new codes.

However, the government has envisaged a simpler compliance framework for organisations with unified and online filings.

Therefore, it is important to review changes proposed under the codes to ensure smooth transition to the new regime.



It is imperative that organisations review and evaluate the impact areas under new working arrangements, evolving regulatory landscape, and changing employee expectations.

This would help ensure that the HR systems and processes are designed and integrated to support the requirements of both internal and external stakeholders.

Akhil Chandna



About Grant Thornton Bharat

Grant Thornton Bharat is a member of Grant Thornton International Ltd. It has 5,600+ people across 14 offices around the country, including major metros. Grant Thornton Bharat is at the forefront of helping reshape the values in our profession and in the process help shape a more vibrant Indian economy. Grant Thornton Bharat aims to be the most promoted firm in providing robust compliance services to dynamic Indian global companies, and to help them navigate the challenges of growth as they globalise. Firm's proactive teams, led by accessible and approachable partners, use insights, experience and instinct to understand complex issues for privately owned, publicly listed and public sector clients, and help them find growth solutions.



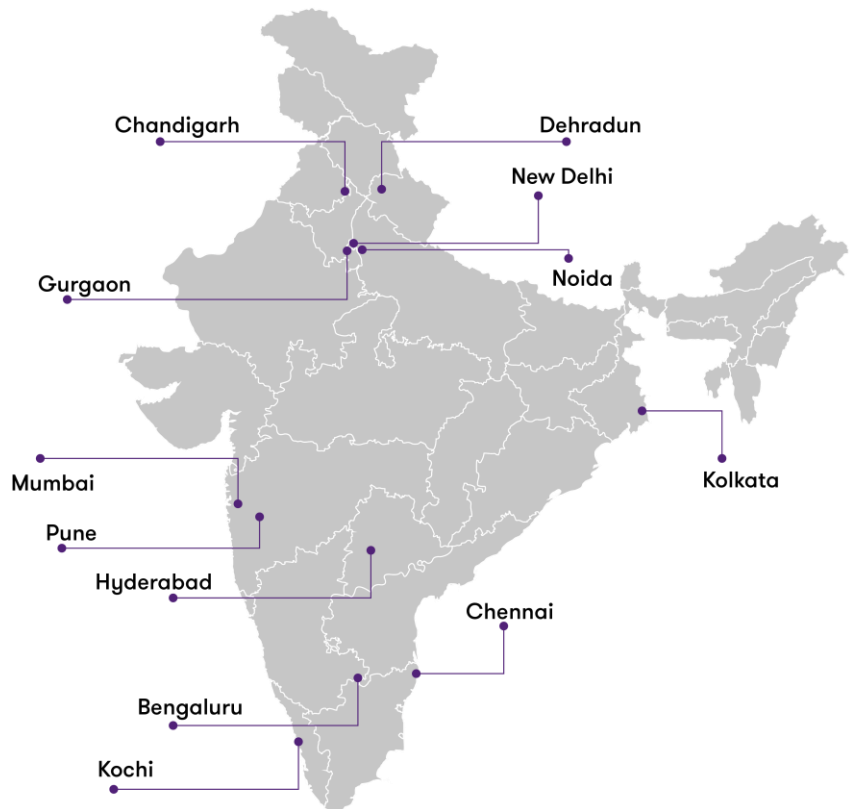
5,600 people



14 offices in 12 locations



One of the largest fully integrated Assurance, Tax & Advisory firms in India



Contact us

To know more, please visit www.grantthornton.in or contact any of our offices as mentioned below:

NEW DELHI

National Office,
Outer Circle,
L 41, Connaught Circus,
New Delhi - 110001
T +91 11 4278 7070

NEW DELHI

6th Floor, Worldmark 2,
Aerocity,
New Delhi - 110037
T +91 11 4952 7400

BENGALURU

5th Floor, 65/2, Block A,
Bagmane Tridib,
Bagmane Tech Park,
CV Raman Nagar,
Bengaluru - 560093
T +91 804 243 0700

CHANDIGARH

B-406A, 4th Floor,
L&T Elante Office Building,
Industrial Area Phase I,
Chandigarh - 160002
T +91 172 433 8000

CHENNAI

9th floor, A wing, Prestige
Polygon,
471 Anna Salai,
Mylapore Division,
Teynampet,
Chennai - 600035
T +91 44 4294 0000

DEHRADUN

Suite No 2211, 2nd Floor,
Building 2000,
Michigan Avenue,
Doon Express Business Park,
Subhash Nagar,
Dehradun - 248002
T +91 135 264 6500

GURGAON

21st Floor, DLF Square,
Jacaranda Marg,
DLF Phase II,
Gurgaon - 122002
T +91 124 462 8000

HYDERABAD

7th Floor, Block III,
White House,
Kundan Bagh, Begumpet,
Hyderabad - 500016
T +91 40 6630 8200

KOCHI

6th Floor, Modayil Centre
Point, Warriam Road
Junction, MG Road
Kochi - 682016
T +91 484 406 4541

KOLKATA

10C Hungerford Street,
5th Floor,
Kolkata - 700017
T +91 33 4050 8000

MUMBAI

11th Floor, Tower II,
One International Center,
SB Marg Prabhadevi (W),
Mumbai - 400013
T +91 22 6626 2600

MUMBAI

Kaledonia, 1st Floor,
C Wing,
(Opposite J&J Office),
Sahar Road, Andheri East,
Mumbai - 400069

NOIDA

Plot No 19A, 2nd Floor,
Sector - 16A,
Noida - 201301
T +91 120 485 5900

PUNE

3rd Floor, Unit No 309-312,
West Wing, Nyati Unitree,
Nagar Road, Yerwada
Pune - 411006
T +91 20 6744 8800

For more information or for any queries, write to us at gtbharat@in.gt.com



Follow us @GrantThorntonIN

© 2021 Grant Thornton Bharat LLP. All rights reserved.

"Grant Thornton Bharat" means Grant Thornton Advisory Private Limited, the sole member firm of Grant Thornton International Limited (UK) in India, and those legal entities which are its related parties as defined by the Companies Act, 2013, including Grant Thornton Bharat LLP.

Grant Thornton Bharat LLP, formerly Grant Thornton India LLP, is registered with limited liability with identity number AAA-7677 and has its registered office at L-41 Connaught Circus, New Delhi, 110001.

References to Grant Thornton are to Grant Thornton International Ltd. (Grant Thornton International) or its member firms. Grant Thornton International and the member firms are not a worldwide partnership. Services are delivered independently by the member firms.